

**Letter of Findings: 01-20182292  
Individual Income Tax  
For the Tax Year 2015**

**NOTICE:** IC § 6-8.1-3-3.5 and IC § 4-22-7-7 require the publication of this document in the Indiana Register. This document provides the general public with information about the Department's official position concerning a specific set of facts and issues. This document is effective as of its date of publication and remains in effect until the date it is superseded or deleted by the publication of another document in the Indiana Register. The "Holding" section of this document is provided for the convenience of the reader and is not part of the analysis contained in this Letter of Findings.

**HOLDING**

Individual failed to provide documentation supporting his position that the Department's proposed assessment of additional Indiana individual income tax was incorrect for the year at issue.

**ISSUE**

**I. Income Tax-Federal Discrepancy.**

**Authority:** IC § 6-8.1-5-1; IC § 6-3-2-2; IC § 6-3-2-1; IC § 6-3-1-3.5; *Lafayette Square Amoco, Inc. v. Indiana Dep't of State Revenue*, 867 N.E.2d 289 (Ind. Tax Ct. 2007); *Indiana Dep't of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463 (Ind. 2012); *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480 (Ind. Tax Ct. 2012).

Taxpayer protests the imposition of Indiana individual income tax for tax year 2015.

**STATEMENT OF FACTS**

Taxpayer filed his 2015 Indiana tax return on January 23, 2016. On his return, Taxpayer reported that he owed the State of Indiana \$76. On September 5, 2017, the Internal Revenue Service ("IRS") adjusted Taxpayer's 2015 federal income tax return by increasing his income and taxes owed. Taxpayer protested the increase in his federal taxes with the IRS and as a result, on March 12, 2018, the IRS decreased his 2015 liability.

On September 10, 2018, the Indiana Department of Revenue ("Department") issued Taxpayer a proposed assessment which increased his 2015 tax liability to \$877 plus penalty and interest. Taxpayer protested this assessment on November 8, 2018 stating that he was unsure whether the assessment was based on the original IRS adjustment or the updated one. Additionally, Taxpayer was "not able to make sense of your request because it did not contain [a] detailed explanation. . . ." Along with his protest letter, Taxpayer submitted a Protest Submission Form in which he waived his right to a hearing. Thus, this Letter of Findings is based on the information available to the Department and provided in Taxpayer's protest file. Additional facts will be provided as necessary.

**I. Income Tax-Federal Discrepancy.**

**DISCUSSION**

Due to an adjustment to Taxpayer's 2015 Federal income tax return, the Department adjusted Taxpayer's Indiana 2015 tax return, resulting in an increase in Taxpayer's 2015 tax liability. The Department assessed Taxpayer for this increase plus penalty and interest. Taxpayer protested the assessment but waived his right to a hearing.

As a threshold issue, all tax assessments are *prima facie* evidence that the Department's claim for unpaid tax is valid; the taxpayer bears the burden of proving that any assessment is incorrect. IC § 6-8.1-5-1(c); *Indiana Dep't. of State Revenue v. Rent-A-Center East, Inc.*, 963 N.E.2d 463, 466 (Ind. 2011); *Lafayette Square Amoco, Inc. v. Indiana Dept. of State Revenue*, 867 N.E.2d 289, 292 (Ind. Tax Ct. 2007). Consequently, the taxpayer is required to provide documentation explaining and supporting its challenge that the Department's position is wrong. Poorly developed and non-cogent arguments are subject to waiver. *Scopelite v. Indiana Dep't of Local Gov't Fin.*, 939 N.E.2d 1138, 1145 (Ind. Tax Ct. 2010); *Wendt LLP v. Indiana Dep't of State Revenue*, 977 N.E.2d 480, 486 n.9 (Ind. Tax Ct. 2011).

Indiana imposes an adjusted gross income tax on all residents. IC § 6-3-2-1(a). A taxpayer's Indiana income is determined by starting with the federal adjusted gross income and making certain adjustments. IC § 6-3-1-3.5(a). IC § 6-3-2-2(a) specifically outlines what is income derived from Indiana sources and subject to Indiana income tax. For Indiana income tax purposes, the presumption is that taxpayers properly and correctly file their federal income tax returns as required pursuant to the Internal Revenue Code. Thus, to efficiently and effectively compute what is considered the taxpayer's Indiana income tax, the Indiana statute refers to the Internal Revenue Code. IC § 6-3-1-3.5(a) provides the starting point to determine the taxpayer's taxable income and to calculate what would be their Indiana income tax after applying certain additions and subtractions to that starting point.

On September 10, 2018 the Department adjusted Taxpayer's 2015 Indiana income tax return based on information it received from the IRS. The Department then issued Taxpayer a proposed assessment as a result of the adjustment. Taxpayer protested the assessment stating the he was unclear whether the Department's adjustment was a result of the IRS' original assessment issued on September 5, 2017 or the result of the IRS' adjusted assessment issued on March 12, 2018. Taxpayer also stated that he couldn't make sense of the assessment.

The Department reviewed Taxpayer's protest and in a letter to Taxpayer dated November 9, 2018, informed Taxpayer that the assessment "is the result of a discrepancy between your Federal Adjusted Gross Income (FAGI) amount compared to the amount indicated on line 1 of your Indiana state return." The letter went on to state that if Taxpayer disagrees with the adjustment, he should provide a copy of his 2015 Federal Record of Account ("ROA") to the Department by December 14, 2018. The Department's letter also provided two means through which Taxpayer could obtain his ROA.

Taxpayer provided a copy of his ROA to the Department on November 20, 2018. According to the ROA, Taxpayer's 2015 Federal Adjusted Gross Income, as of November 19, 2018, was \$56,195. According to the Department's records, Taxpayer reported \$39,638 as his Federal Adjusted Gross Income on his 2015 Indiana income tax return. The Department corrected that amount to \$56,195 based on information from the IRS, as confirmed by Taxpayer's ROA. Taxpayer has not provided documentation to prove that this amount is incorrect.

As stated above, it is the Taxpayer's burden to prove that the Department's assessment is incorrect. In doing so, the Taxpayer is required to provide documentation to support his position. Without documentation proving that the Federal Adjusted Gross Income of \$56,195 is incorrect, the Department cannot adjust Taxpayer's 2015 return or assessment. Because Taxpayer has failed to meet his burden under IC § 6-8.1-5-1(c), Taxpayer's protest is denied.

## **FINDING**

Taxpayer's protest is denied.

January 24, 2019

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